

Personal Financial Advisors

Significant Points

- Most personal financial advisors have a bachelor's degree.
- Math, analytical, and interpersonal skills are important.
- Keen competition is anticipated for these highly paid positions, despite much faster than average job growth.
- About 29 percent of personal financial advisors are self-employed.

Nature of the Work

Personal financial advisors assess the financial needs of individuals and assist them with investments, tax laws, and insurance decisions. Advisors help their clients identify and plan for short-term and long-term goals. Advisors help clients plan for retirement, education expenses, and general investment choices. Many also provide tax advice or sell insurance. Although most planners offer advice on a wide range of topics, some specialize in areas such as retirement and estate planning or risk management.

Personal financial advisors usually work with many clients and often must find their own customers. Many personal financial advisors spend a great deal of their time marketing their services. Many advisors meet potential clients by giving seminars or through business and social networking. Finding clients and building a customer base is one of the most important aspects of becoming a successful financial advisor.

Financial advisors begin work with a client by setting up a consultation. This is usually an in-person meeting where the advisor obtains as much information as possible about the client's finances and goals. The advisor creates a comprehensive financial plan that identifies problem areas, makes recommendations for improvement, and selects appropriate investments compatible with the client's goals, attitude toward risk, and expectation or need for investment returns. Advisors sometimes seek advice from financial analysts, accountants, or lawyers.

Financial advisors usually meet with established clients at least once a year to update them on potential investments and adjust their financial plan to any life changes—such as marriage, disability, or retirement. Financial advisors also answer clients' questions regarding changes in benefit plans or the consequences of changing their job. Financial planners must educate their clients about risks and possible scenarios so that the clients don't harbor unrealistic expectations.

Many personal financial advisors are licensed to directly buy and sell financial products, such as stocks, bonds, derivatives, annuities, and insurance products. Depending upon the agreement they have with their clients, personal financial advisors may have their clients' permission to make decisions regarding the buying and selling of stocks and bonds.

Private bankers or wealth managers are personal financial advisors who work for people who have a lot of money to in-

vest. Because they have so much capital, these clients resemble institutional investors and approach investing differently from the general public. Private bankers manage portfolios for these individuals using the resources of the bank, including teams of financial analysts, accountants, lawyers, and other professionals. Private bankers sell these services to wealthy individuals, generally spending most of their time working with a small number of clients. Private bankers normally directly manage their customers' finances.

Work environment. Personal financial advisors usually work in offices or their own homes. Personal financial advisors usually work standard business hours, but they also schedule meetings with clients in the evenings or on weekends. Many also teach evening classes or hold seminars to bring in more clients. Some personal financial advisors spend a fair amount of their time traveling, to attend conferences or training sessions or to visit clients.

Private bankers also generally work during standard business hours, but because they work so closely with their clients, they may have to be available outside normal hours upon request.

Training, Other Qualifications, and Advancement

Personal financial advisors must have a bachelor's degree. Many also earn a master's degree in finance or business administration or get professional designations. Math, analytical, and interpersonal skills are important.

Education and training. A bachelor's or graduate degree is strongly preferred for personal financial advisors. Employers usually do not require a specific field of study for personal financial advisors, but a bachelor's degree in accounting, finance, economics, business, mathematics, or law provides good preparation for the occupation. Courses in investments, taxes, estate planning, and risk management are also helpful. Programs in



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Projections data from the National Employment Matrix

Occupational Title	SOC Code	Employment, 2008	Projected Employment, 2018	Change, 2008-2018	
				Number	Percent
Personal financial advisors.....	13-2052	208,400	271,200	62,800	30

(NOTE) Data in this table are rounded. See the discussion of the employment projections table in the *Handbook* introductory chapter on *Occupational Information Included in the Handbook*.

financial planning are becoming more available in colleges and universities.

Licensure. Personal financial advisors who directly buy or sell stocks, bonds, insurance policies, or specific investment advice need a combination of licenses that varies based upon the products they sell. In addition to those licenses, smaller firms that manage clients' investments must be registered with state regulators, and larger firms must be registered with the Securities and Exchange Commission. Personal financial advisors who choose to sell insurance need licenses issued by State boards. State licensing board information and requirements for registered investment advisors are available from the North American Securities Administrator Association.

Other qualifications. Personal financial advisors need strong math, analytical, and interpersonal skills. They need strong sales ability, including the ability to make a wide-range of customers feel comfortable. Personal financial advisor training emphasizes the different types of investors, and how to tailor advice to the investor's personality. They need the ability to present financial concepts to clients in easy-to-understand language. Some advisors have experience in a related occupation, such as accountant, auditor, insurance sales agent, or broker.

Private bankers may have previously worked as a financial analyst and need to understand and explain highly technical investment strategies and products.

Certification and advancement. Although not always required, certifications enhance professional standing and are recommended by employers. Personal financial advisors may obtain the Certified Financial Planner (CFP) credential. This certification, issued by the Certified Financial Planner Board of Standards, requires 3 years of relevant experience; the completion of education requirements, including a bachelor's degree; passing a comprehensive examination, and adherence to a code of ethics. The exam tests the candidate's knowledge of the financial planning process, insurance and risk management, employee benefits planning, taxes and retirement planning, and investment and estate planning. Candidates are also required to have a working knowledge of debt management, planning liability, emergency fund reserves, and statistical modeling.

Personal financial advisors have several different paths to advancement. Those who work in firms may move into managerial positions. Others may choose to open their own branch offices for securities firms and serve as independent registered representatives of those firms.

Employment

Personal financial advisors held 208,400 jobs in May 2008. Jobs were spread throughout the country, although a significant number are located in New York, California, and Florida. About 63 percent worked in finance and insurance industries, including securities and commodity brokers, banks, insur-

ance carriers, and financial investment firms. About 29 percent of personal financial advisors were self-employed, operating small investment advisory firms.

Job Outlook

Employment of personal financial advisors is expected to grow much faster than the average for all occupations. Despite strong job growth, keen competition will continue for these well paid jobs, especially for new entrants.

Employment change. Personal financial advisors are projected to grow by 30 percent over the 2008–18 period, which is much faster than the average for all occupations. Growing numbers of advisors will be needed to assist the millions of workers expected to retire in the next 10 years. As more members of the large baby boom generation reach their peak years of retirement savings, personal investments are expected to increase and more people will seek the help of experts. Many companies also have replaced traditional pension plans with retirement savings programs, so more individuals are managing their own retirements than in the past, creating jobs for advisors. In addition, as people are living longer, they should plan to finance longer retirements.

The growing number and assets of very wealthy individuals will help drive growth of private bankers and wealth managers. The need for private bankers to explain and manage increasing complexity of financial and investment products will continue to drive growth.

Job prospects. Personal financial advisors will face keen competition, as relatively low barriers to entry and high wages attract many new entrants. Many individuals enter the field by working for a bank or full-service brokerage. Because the occupation requires sales, people who have strong selling skills will ultimately be most successful. A college degree and certification can lend credibility.

Earnings

Median annual wages of wage and salary personal financial advisors were \$69,050 in May 2008. The middle 50 percent earned between \$46,390 and \$119,290. Personal financial advisors who work for financial services firms are often paid a salary plus bonus. Bonuses are not included in the wage data listed here. Advisors who work for financial investment or planning firms or who are self-employed typically earn their money by charging a percentage of the clients' assets under management. They may also earn money by charging hourly fees for their services or through fees on stock and insurance purchases. Advisors generally receive commissions for financial products they sell, in addition to charging a fee. Wages of self-employed workers are not included in the earnings given here.

Related Occupations

Other jobs requiring expertise in finance and investment or in the sale of financial products include:

- Accountants and auditors
- Actuaries
- Budget analysts
- Financial analysts
- Financial managers
- Insurance sales agents
- Insurance underwriters
- Real estate brokers and sales agents
- Securities, commodities, and financial services sales agents

Sources of Additional Information

For general information on securities industry employment, contact:

➤ Financial Industry Regulatory Authority (FINRA),
1735 K St. NW., Washington, DC 20006. Internet:
<http://www.finra.org>

➤ Securities Industry and Financial Markets Association,
120 Broadway, 35th Floor, New York, NY 10271. Internet:
<http://www.sifma.org>

For information on state and federal investment advisor registration, contact:

➤ North American Securities Administrator Association,
750 First St. NE., Suite 1140, Washington, DC 20002.
Internet: **<http://www.nasaa.org>**

➤ Securities and Exchange Commission (SEC), 100 F St.
NE., Washington, DC 20549. Internet: **<http://www.sec.gov>**

For information on personal financial advisor careers, contact:

➤ Certified Financial Planner Board of Standards, Inc.,
1425 K St. NW., Suite 500, Washington, DC 20005. Internet:
<http://www.cfp.net>

➤ Financial Planning Association, 4100 E. Mississippi
Ave., Suite 400, Denver, CO 80246-3053. Internet:
<http://www.fpanet.org>

For additional career information, see the *Occupational Outlook Quarterly* article “Financial analysts and personal financial advisors” online at **<http://www.bls.gov/opub/ooq/2000/summer/art03.pdf>** and in print at many libraries and career centers.

The Occupational Information Network (O*NET) provides information on a wide range of occupational characteristics. Links to O*NET appear at the end of the Internet version of this occupational statement, accessible at **<http://www.bls.gov/ooh/ocos302.htm>**